



SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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S.E.C. Advisory Committee on Shareholder Communications to Hold New York City Meeting

The SEC Advisory Committee on Shareholder Communications will hold its fifth meeting on Friday, October 30, 1981 beginning at 10:00 a.m. in the Federal Room Corporate Trust Administration, 4th floor, at Manufacturers Trust Company, 40 Wall Street, New York City. Guest speakers will be Mr. Frank Gibbs, Vice President, Manufacturers Hanover, who will summarize bank procedures and the just completed ABA proxy seminars and Mr. John Schmedlin, Vice President, Morgan Guaranty Trust Co., who will present pertinent data recently gathered by the New York Chapter of the Securities Transfer Association. The Committee is considering ways to improve the process by which corporations communicate with the beneficial owners (actual owners) of securities registered in the name of a broker-dealer ("street" name), bank or other nominee.

Meetings of the Advisory Committee are open to observation by the press and the public. Committee Chairman Paul D. Weiser and senior members of the SEC staff will be available to talk with reporters at the conclusion of the morning session, expected to recess at Noon, and after the afternoon session.

The use of nominee or "street" names facilitates the process of transferring securities when they are sold and with increasing volume of securities

transactions, it has helped enormously in the efficient processing of securities. It can, however, create problems when companies must solicit proxies to be voted at the annual meeting, to obtain quorums for the conduct of business, or when an unusual situation, such as a takeover bid, arises.

The complexity and inadvertent breakdowns in the communication process has caused problems. Where broker-dealers, banks and stock transfer specialists, etc. are nominees, all communications from the company to its shareholders must first pass through the hands of the nominee - the only name that appears in the company's records. In effect, the nominee becomes the holder of record. It is the nominee who must forward the communication to the actual owner of the securities. In many cases, banks who hold securities in nominee name hold securities for other regional or local banks in nominee name who, then, furthermore, hold securities in nominee name, etc. The process of shareholder communications, therefore, becomes complex and time-consuming.

The system of nominee registration began in the 1930's and has grown in recent years until today nearly one-third of all equities outstanding are held in nominee name. Complaints about problems created by the system by corporate officials have also increased. Solutions have proven elusive. The Commission's staff, therefore, recommended in its landmark Report on Corporate Accountability issued last fall, that an Advisory Committee be established in order to help devise "a uniform system for distributing proxy material and other corporate communications to all shareholders." The Advisory Committee was established in April of this year and intends to submit its final report and recommendations to the Director of Corporation Finance by June 1982.

The Advisory Committee is composed of 14 individuals who are corporate executives, bank officials, broker-dealers, or proxy solicitation or stock transfer specialists. Its Chairman, Mr. Paul D. Weiser, is Senior Vice-President, Secretary and Corporate Counsel of Dataproducts Corporation, Woodland Hills, California. The other members of the Advisory Committee are as follows:

Mr. Kenneth Akeson, President
Independent Election Corporation of America
New York, New York

Mr. W. Kenneth Bonds
Chairman, Trust Committee and
Executive Vice President
The Liberty National Bank and Trust Company
Oklahoma City, Oklahoma

Mr. Steven E. Fry
Corporate Secretary
Valero Energy Corporation
San Antonio, Texas

Mr. William L. Glosser
Secretary
Glosser Brothers
Johnstown, Pennsylvania

Mr. Earl J. Grimm, Jr.
Secretary
Esmark, Inc.
Chicago, Illinois

Mr. John Hetherington
Secretary
Westvaco Corporation
New York, New York

Mr. Donald Heterich
Senior Vice President
Manufacturers Hanover Trust Company
New York, New York

Mr. James H. Lynch, Jr.
Executive Vice President
and Secretary
Spears, Leeds & Kellogg
New York, New York

Mr. Michael Nelson
President
Continental Stock Transfer and Trust Co.
New York, New York

Mr. J. William Robinson
Principal
Georgeson & Co.
New York, New York

Mr. William Smith
Manager, Proxy Operations
Merrill Lynch & Co. Inc.
New York, New York

Mr. John R. Worthington
Senior Vice President and
General Counsel
MCI Communications Corporation
Washington, D.C.

Mr. J. Paul Wyciskala
Managing Director
Corporate Services Department
New York Stock Exchange
New York, New York

Senior staff of the Comptroller of the Currency, The Federal Reserve Board and the Federal Deposit Insurance Corporation attend meetings of the Committee and provide advice on issues relating to bank nominee.

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